Sharp Services

Climate-Related Financial Risk Report Draft

Prepared in Accordance with California Senate Bill 261

Climate-Related Financial Risk Act

Following the TCFD Framework Recommendations

Reporting Year: 2024

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Executive Summary

Sharp has reviewed potential climate-related financial risks and opportunities across its global operations using short-, medium- and long-term horizons and recognised climate scenarios. The assessment considers how factors such as severe weather, periods of extreme heat, transport disruption, evolving compliance requirements and changing stakeholder expectations could affect the business over time. These potential exposures are monitored and managed through Board and Audit Committee oversight, integration into enterprise risk management, site resilience measures, operational decarbonisation, supply-chain engagement and business continuity planning. Sharp's SBTi-validated targets support a measured, long-term transition pathway: reducing absolute Scope 1 and 2 emissions by 54.6% and Scope 3 emissions by 32.5% by 2033 from a 2023 baseline and reducing absolute emissions across all scopes by 90% by 2050 to reach net zero across the value chain.

1. SB 261 and TCFD Alignment Statement

This Climate-Related Financial Risk Report (the "Report") has been prepared to support compliance with California Health and Safety Code 38533 (Senate Bill 261, the Climate-Related Financial Risk Act) and is structured in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations across the four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. This Report focuses on climate-related financial risks and the measures Sharp has adopted, or is in the process of adopting, to reduce and adapt to those risks based on the best available information at the time of publication.

This Report is intended for general informational purposes to describe Sharp's climate-related financial risk governance, assessment approach, and management actions. Nothing in this Report is intended to:

(i) address, create, modify, or interpret any insurance coverage;
(ii) be relied upon by any insurer or other third party for underwriting, pricing, or coverage determinations; or
(iii) constitute a representation, warranty, or guarantee of future performance or outcomes. References to insurance are limited to describing insurance as one element of risk transfer within Sharp's overall risk management approach.

2. Introduction

Sharp is a leading provider of commercial packaging, clinical services and sterile manufacturing to pharma and biopharma with a heritage that spans over 70 years. Sharp recognises its responsibility to operate in ways that protect resources, support our people, and deliver lasting value to patients and communities.

In alignment with global reporting best practice, Sharp has prepared this disclosure following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). It outlines our approach to identifying and managing climate-related risks and opportunities and ensuring the resilience of our businesses into the future, through our governance structures, business strategy, risk management process, monitoring of key metrics, and commitment to climate-targets.

3. Governance

Our governance framework is structured to ensure climate change and broader sustainability matters are addressed with appropriate expertise, oversight and accountability at every level of the organisation. The Board of Directors is responsible for oversight of Sharp's climate-related risks and opportunities. It actively considers the impact of these risks and opportunities on the organisation's strategy, as part of ensuring Sharp's resilience, sustainable growth, and alignment to regulatory and stakeholder expectations. It is responsible for approving any material risk mitigation strategies, investment decisions and strategic initiatives.

Climate-related risks and opportunities are identified, assessed, and documented by management, with coordination led by the Sustainability Lead and oversight provided by the Senior Leadership Team (SLT). Climate-related matters are escalated to the Board of Directors through established governance channels, where appropriate, including periodic briefings and reporting, and are considered alongside other enterprise risks in strategic planning, capital allocation, and operational decision-making. The Board reviews climate-related matters at least annually through the Audit Committee and more frequently as required in response to changes in risk profile, investment decisions, significant events, or regulatory developments.

Operationally, management is responsible for addressing risks and opportunities, through climate initiatives, including monitoring Sharp's environmental impact, embedding environmental practices and carbon reduction initiatives across the business, engaging with the supply chain and clients on decarbonisation, and supporting transparent climate-related reporting and disclosure, through platforms like CDP. These activities ensure management maintains day-to-day oversight of climate-related risks and opportunities, driving implementation of mitigation measures in line with Sharp's sustainability commitments.

Sharp's SLT have received training across a wide range of sustainability topics, including environmental impact measurement, carbon management, responsible supply chain practices and governance frameworks. This capability enables the SLT to interpret performance data effectively, set measurable objectives and embed sustainability considerations into operational and commercial decisions. The SLT is directly supported by a qualified and competent Sustainability Lead who provides ongoing expert guidance on strategy development, target setting, performance monitoring, disclosure and alignment with evolving regulatory and market expectations.

Overall, this governance structure ensures climate and sustainability considerations are not treated as standalone initiatives, but are systematically integrated into risk management, business planning, performance oversight and external reporting across the organisation.

4. Strategy

4.1. Climate Related Risks & Opportunities

Sharp recognises that climate change presents material risks and emerging opportunities across our global network of pharmaceutical packaging, clinical supply, and sterile manufacturing sites. In 2025, Sharp undertook an exercise to identify material climate risks and opportunities and to understand their potential impact on the business across short-term (2025–2026), medium-term (2026–2030), and long-term (2030–2050) time horizons. Sharp assessed both the chronic (long-term) and acute (event-driven) physical risks from climate change, as well as the risks and opportunities arising from the transition to a low-carbon economy, in relation to policy and legal, market, technology, and reputation-related drivers.

Our risk assessment process applies a risk matrix to evaluate the materiality of climate-related risks. The matrix integrates two key dimensions: likelihood of occurrence and magnitude of impact. Each risk is assigned a score based on these factors to determine its overall risk level and prioritisation.

- **Likelihood Scale (likelihood)**: Risks are evaluated along a five-point likelihood scale; Rare, Unlikely, Possible, Likely, and Almost Certain. Representing the probability that a risk event may occur within the relevant planning horizon.
- **Impact Scale (severity)**: Impacts are assessed across five levels of severity; Negligible, Minor, Moderate, Major, and Catastrophic. Capturing potential financial, operational, strategic, and reputational consequences. High-impact ratings reflect events that could significantly affect business performance or resilience.

4.2 Climate Resilience & Scenario Analysis

Sharp uses climate scenario analysis to evaluate the resilience of its business strategy under a range of potential future climate pathways. To ensure comprehensive coverage of the climate risk landscape, Sharp has assessed its exposures under four scenarios spanning two recognised frameworks: the Intergovernmental Panel on Climate Change (IPCC), Representative Concentration Pathways (RCPs), which model the physical consequences of different greenhouse gas concentration trajectories, and the Network for Greening the Financial System (NGFS) integrated assessment scenarios, which model the macroeconomic and policy dimensions of climate transition. The evolution of Sharp's risks and opportunities is analysed under low carbon economy scenarios, and a high emissions economy scenario. These scenario narratives are summarised below.

It should be emphasised that climate scenarios represent hypothetical future conditions and do not indicate that these risks are guaranteed to materialise, or that the implications for Sharp will occur as described. The purpose of the exercise is to enhance our understanding and risk management process, and the outcomes should not be interpreted as evidence of inherent vulnerability or weakened resilience.

Table 1: Low carbon and a high emissions economy scenarios summary

Physical Risk Scenarios	Transition Risk/Opportunity Scenarios
Low Carbon Economy & Orderly Transition	
Scenario Model: IPCC RCP 4.5 – 2.4° Celsius temperature	Scenario Model: NGFS "Net Zero 2050"- 1.4° Celsius temperature
Acute hazards, such as intense storms, heavy rainfall, and extreme heat, become more frequent and severe, with precipitation increasing 10–25% and extreme-heat days occurring two to four times more often. Fossil-fuel use declines c. 50% by 2100 under a moderately coordinated global mitigation effort (e.g., carbon pricing and expanded renewable energy). Chronic hazards, including steadily rising temperatures, prolonged drought stress, and gradual sea-level rise, intensify over time, requiring ongoing adaptation across infrastructure, utilities, and supply chains.	Transition risks increase significantly in this scenario. Rising carbon prices and stricter compliance rules elevate both direct operational costs and indirect costs across energy and supply chains. Markets shift more rapidly toward renewables and electrification, making high-emission technologies obsolete faster and tightening requirements for low-carbon materials and services. Clients and stakeholders expect clearer, science-aligned decarbonisation pathways, transparent reporting, and demonstrable progress across Scopes 1, 2 and 3 emissions.

High Emissions Economy & Disorderly Transition	
Scenario model: IPCC RCP 8.5 - 4 ° Celsius temperature	Scenario model: NGFS “Current Policies”- 3° Celsius temperature
Acute hazards, such as severe storms, floods, wildfires, and other disruptive events, increase sharply in both frequency and intensity. Chronic risks worsen, with substantial long-term temperature rise, extended droughts, and faster sea-level rise placing growing strain on resources, operations, and long-term planning. Precipitation increases by 35–55%, and extreme-heat days rise three- to six-fold. Mitigation efforts remain delayed and uneven, with fossil-fuel use still at 80% by 2100.	Decarbonisation progresses in a delayed, disorderly, and regionally inconsistent manner. Fossil fuels phase out only gradually, and grid decarbonisation lags, resulting in greater energy-market volatility. Investment in clean technologies and electrification is constrained and staggered, while outdated, inefficient assets persist in the system.

4.3. Scenario Insights for Sharp

Low-carbon economy & orderly transition:
Physical risks continue to increase from today’s baseline but remain more manageable with targeted adaptation. Sharp anticipates localised flood and wind impacts leading to short-duration outages at a limited number of sites. Mitigation might include site-level flood/wind vulnerability assessments, barriers/waterproofing/drainage upgrades to maintain GMP conditions. Logistics disruptions increase modestly but can be mitigated through dual-carrier strategies, buffered replenishment, and proactive client communications.

High-emissions economy & disorderly transition:
Physical risks become more pronounced, with increased flood and storm exposure and heat-related risks (e.g. power outages) across all sites. We might expect a greater frequency of outages, higher repair costs, and more frequent premium logistics interventions (e.g. safety stock and priority services) to sustain on-time performance. As a mitigation response Sharp will as and where necessary continue to invest in flood and waterproofing upgrades, optimise HVAC systems, and maintain reliable backup energy supply arrangements (e.g. UPS or onsite renewables).

Implications for Strategy and Risk Management:
Sharp is integrating these insights into risk registers, contingency logistics, and broader risk-transfer planning to preserve service levels and support continuity of patient supply. These actions are being embedded into planning cycles to help ensure our operations, suppliers, and distribution networks can withstand plausible climate futures while meeting client and regulatory expectations.

The following tables summarise the material physical and transitional risks, and opportunities, relevant to our activities, and our response across all scenarios.

The “Response” descriptions in the tables that follow are intended to summarise measures that are in place and/or measures that are planned or under evaluation. Where actions are under evaluation, Sharp’s intent is to assess feasibility, cost, and effectiveness and to incorporate selected measures into site and enterprise plans over time.

Table 2: Physical Risks

Physical Risks	Impact on Sharp	Response
Scenarios for physical risk analysis	Low Carbon Economy and High Emissions Economy	
Risk: Flooding & Storms **Type:** Acute **Time Horizon:** Short, and continuing into the long-term **Impact Description:** Incurred costs from damage to assets due to flood and storm events. **Likelihood:** Possible **Financial Significance:** Moderate	Sharp's fixed, highly specialized facilities cannot be easily moved, and flooding could damage infrastructure, electrical systems, and cleanroom environments, and cause shutdowns. Flooding may also have implications for employee safety. Our site in the Netherlands is inherently more exposed to flood risks due to the country's geographic conditions. While sites in the USA (Pennsylvania, Massachusetts), Belgium and the UK are less likely to flood, they may experience floods and high winds due to severe storm events and increased precipitation	Risks to our site in the Netherlands are heavily mitigated by national flood defence infrastructure and by local site-level measures implemented to reduce vulnerability. Sharp has completed Flood Vulnerability Assessments and has implemented adaptation measures such as improved stormwater drainage, weather monitoring, site-specific flood barrier protection (including at the Netherlands site) and high wind alerts (Tornado watch) for Leigh, Massachusetts. Based on current assessments, the residual flooding and storm risk is not considered sufficiently high to require additional company action beyond routine maintenance, monitoring, and periodic reassessment within our existing ERM and business continuity processes. Where appropriate, Sharp may continue to evaluate risk-transfer options as part of normal risk management.
Risk: Extreme Heat / Heatwaves **Type:** Chronic & acute **Time Horizon:** Short, and continuing into the long-term **Impact Description:** Increased operational costs to mitigate against heat events **Likelihood:** Likely **Financial Significance:** Minor	Increased frequency of heat events could disrupt Sharp's operations by putting pressure on temperature-controlled environments, utilities, and employee safety. Facilities that rely heavily on continuous HVAC performance, especially packaging and sterile fill-finish operations, are more likely to be negatively affected, with the potential for higher energy costs or operational disruptions. This risk is more pronounced at sites in regions that already have hotter summers, specifically in Pennsylvania, Massachusetts and United Kingdom (2026 projected summer temps).	Optimizing operations by upgrading to high-efficiency cooling systems and performing preventative maintenance to reduce failures during peak heat events. Energy resilience can be strengthened through on-site renewable generation and long-term power procurement. At the site level, risk can be reduced by distributing workloads across locations.
Risk: Distribution disruption **Type:** Chronic & acute **Time Horizon:** Short, continuing into the medium-term	Acute weather events could disrupt the transportation and distribution of Sharp's clinical and commercial products, leading to localized delays from floods and	Mitigation strategies include diversifying logistics through dual-carrier partnerships and multi-lane routing to avoid high-risk areas. Flexibility can be improved with buffered warehouses and regional stock positioning. Strong customer management, such

Impact Description: Inability to meet consumer expectations due to climate related distribution disruption.	storms, operational disruptions, or contract disputes due to inability to meet customer expectations.	as proactive expectation setting and incorporating climate-risk provisions into contracts, helps maintain service reliability.
Likelihood: Likely		
Financial Significance: Minor		

Table 3: Transition Risks

Transition Risks	Impact on Sharp	Response
Scenarios for transition risks analysis	Orderly Transition and Disorderly Transition	
Risk: Increased compliance costs	Sharp operates across multiple regulatory jurisdictions (UK, EU and US), which exposes the business to an evolving set of climate-related regulations, carbon pricing mechanisms and disclosure expectations. This may increase the carbon-related costs, the complexity of maintaining compliance, and expand the internal reporting workload. If regulatory change outpaces internal processes, data readiness and implementation plans, Sharp could face non-compliance risks.	Have a regulatory horizon-scanning capability to identify sustainability legislation early, assess applicability and timing, and convert requirements into a compliance roadmap with clear ownership, milestones and resourcing. To reduce exposure to rising carbon costs, mitigations include deploying onsite renewable generation and undertaking energy efficiency measures. To manage expanding reporting requirements, Sharp will work toward building a single dataset that maps to the required disclosure channels (e.g. SB 261 and CDP) to minimise duplication, improve audit readiness, and maintain consistency across jurisdictions as requirements evolve.
Type: Policy and Legal		
Time Horizon: Short, and continuing into the long-term		
Impact Description: Increased compliance costs due to more stringent climate-related regulation, disclosure requirements and carbon policy		
Likelihood: Likely		
Financial Significance: Moderate		
Risk: Failure to meet evolving ESG expectations	Failure to keep pace with evolving ESG expectations may affect Sharp's reputation in market conditions where investors, lenders and customers increasingly favour businesses viewed as transition-resilient. If ESG performance is considered sub-optimal, this may influence financing conditions over time, particularly where ESG-related factors	Implement a decarbonisation programme that identifies emission reduction levers, prioritises actions based on feasibility and cost, and executes a time-bound transition plan aligned to validated SBTi targets (where relevant). Climate risk mitigations include embedding transition and physical risk assessments into enterprise risk management,
Type: Reputational		
Time Horizon: Short, and continuing into the long-term		

Impact Description: Failure to meet evolving ESG expectations may reduce Sharp's attractiveness to investors, limiting access to capital which over time could impact financing conditions.	are incorporated into credit assessments or investment decisions. In parallel, the onus to report on sustainability continues to increase, with stakeholders expecting more decision-useful and comparable disclosures; if reporting is incomplete, inconsistent or not credibly linked to strategy and performance, it can amplify reputational risk and further constrain financing and commercial opportunities.	strengthening supplier engagement and procurement standards, and investing in energy resilience and process improvements that reduce emissions intensity and improve operational robustness. To address rising disclosure expectations, Sharp aligns reporting to recognised frameworks (e.g. CSRD and CDP), to ensure performance, and progress are communicated transparently and withstand stakeholder scrutiny.
Likelihood: Possible		
Financial Significance: Moderate		

Table 4: Opportunities

Opportunity	Description	Response
Scenario for opportunities analysis	Orderly Transition and Disorderly Transition	
Opportunity: Revenue growth	Revenue growth driven by strengthening sustainability-led differentiation in tenders and customer renewals, particularly where clients are preferring partners that can evidence decarbonisation progress. By positioning services as transition-aligned (e.g., lower-carbon operations) Sharp can increase win-rates and protect existing accounts, translating into higher revenue. In parallel, implementing climate risk mitigation measures can improve operational resilience to weather disruption and policy shocks, reducing downtime and delivery risk. An increasingly material consideration in contract packaging where reliability and continuity of supply are core to client value.	To capitalize on this opportunity Sharp conducts an internal audit to set a 5-year sustainability ambition with measurable KPIs (e.g., emissions intensity, renewable electricity share) and embeds KPIs into capex decisions, project governance and incentives. In parallel, Sharp engages customers and the wider market to identify where sustainability is influencing procurement (tender weighting, supplier scorecards, required emissions data) and translates this into service propositions. Further execution involves embedding decarbonisation into the operating model to ensure tender claims are backed by credible evidence, consistent metrics and year-on-year improvement.
Type: Market and Reputation		
Time Horizon: Short, and continuing into the long-term		
Opportunity Description: Revenue growth through sustainable services		

5. Risk Management

5.1. Processes for Identifying and Assessing Climate-Related Risks

Sharp employs a structured, multi-disciplinary process for identifying climate-related risks, embedded within its enterprise risk management (ERM) framework. The approach combines quantitative analysis and qualitative expert judgment, evaluating exposures across its operations and value chain.

A comprehensive review of climate and industry frameworks informs Sharp's risk universe. Key inputs include a Double Materiality Assessment (completed 2023), NGFS climate scenarios, IPCC assessment reports, SASB materiality guidance, Sharp's Smartsheet centralised risk register, and Integrity Next supplier ESG engagement platform. Cross-functional engagement with internal stakeholders (SLT, CEO, CFO, CCO, facility directors) and external stakeholders (clients, value chain partners, trade union representatives) ensures broad organisational perspective.

Risks are assessed by likelihood and potential financial impact across short-term (2 years), medium-term (5 years) and long-term (20+ years) horizons. A materiality threshold determines which risks are classified as material and progressed to further analysis, ensuring focus on financially relevant exposures consistent with financial reporting materiality principles.

5.2. Processes for Managing Climate-Related Risks within Overall Risk Management

Climate-related risks are integrated into Sharp's enterprise risk management (ERM) framework, which organises risks under Strategic, Operational and Financial pillars. Climate risk is treated as a cross-cutting concern across these categories, with the maturity of individual controls and mitigation plans varying by risk and location.

The Company's Board of Directors, acting through the Audit Committee, holds primary oversight responsibility for enterprise risk management (ERM). At the management level, the General Counsel & Corporate Compliance Officer (GC) serves as the designated risk management coordinator, responsible for maintaining the enterprise risk baseline assessment, facilitating cross-functional risk identification and prioritisation, and reporting to the Audit Committee on a defined cadence. Individual risk areas, including climate-related risks, are assigned to leadership-level functional owners who are accountable for maintaining risk assessments and executing mitigation plans.

For climate-related risks, risk owners maintain documented mitigation and adaptation plans that specify key controls (preventive and detective), target residual risk levels, implementation timelines, and progress indicators. Climate-related risks are recorded in the centralised risk register and monitored through management review, key risk indicators where applicable (e.g. incident frequency, site vulnerability assessment status, and business continuity test outcomes), and updates from regulatory horizon scanning. Material changes in climate risk exposure, significant events, or delays in control implementation are escalated through management to the Audit Committee and Board, as appropriate. The ERM programme is reviewed and refreshed at least annually to incorporate operational lessons learned, changes in the regulatory and business environment, and emerging climate science and best practice.

Sharp's response to climate-related risks is determined by the assessed severity, likelihood, and time horizon of the risks, and the availability of effective mitigation measures.

5.3. Risk Mitigation

Operational Decarbonisation: Exposure is managed through facility-level energy performance analysis and tested continuity planning. Sharp mitigates operational climate risk through reductions in fossil fuel

consumption, transition to lower-carbon energy sources, procurement of renewable electricity, on-site renewable generation, and a Capital approval process that embeds sustainability criteria into asset and infrastructure investment and energy procurement decisions.

Value chain engagement: Sharp mitigates supply chain climate risk through cross-functional governance, supplier engagement via Integrity Next, and supplier risk assessments through the Sphera platform, a Supplier Code of Conduct, an eco-design framework embedding sustainability into packaging development, and active participation in sector-specific industry alliances.

5.4. Risk Acceptance and Appetite

Sharp's carbon emissions-related risk appetite is defined by SBTi-validated targets: a near-term (2033) 54.6% absolute reduction in Scope 1 & 2 and 32.5% reduction in Scope 3 emissions from a 2023 baseline, and a long-term (2050) 90% absolute reduction across all scopes targeting Net Zero across the value chain. The implications for our climate targets are therefore considered in all decisions that affect our carbon emissions.

For other climate-related risks, including physical hazards and transition-related policy, market, technology, and reputational risks, Sharp's risk appetite is managed through the ERM framework. In practice, Sharp seeks to reduce material climate-related risks to acceptable levels through preventive controls, resilience and continuity planning, and risk transfer where appropriate, while maintaining compliance with applicable regulations and protecting employee safety, product quality, and continuity of supply.

5.5. Prioritisation and Monitoring

Prioritisation is informed by the largest emission sources (e.g. Scope 3 at 77% of total emissions drives value chain engagement priority). Ongoing monitoring includes regulatory tracking across EU, UK and US jurisdictions, key risk indicators, supply chain disruption tracking and external climate information reported to the Sustainability Steering Committee and Board.

Climate risk is managed through the Environmental Stewardship pillar which has an executive sponsor and reports to Sustainability Committee and the Board. Emerging risks are monitored through a dedicated category within the Strategic risk pillar, participation in Alliance to Zero (co-founded by Sharp in 2021), regular reporting to the Sustainability Steering Committee and Board, engagement with CDP and EcoVadis, and Sphera's N-Tier Transparency solution for upstream supply chain mapping.

6. Metrics and Targets

At Sharp, we measure, manage, and reduce our environmental impacts as a core element of climate action and responsible business practice. Our climate-related metrics and targets guide decision-making across operations and the value chain, enabling us to track progress on footprint reduction while proactively managing material risks and opportunities identified through our sustainability program and governance structures.

6.1. GHG Emissions

The following table outlines our emissions across Scopes 1, 2 and 3. Our emissions are calculated in-line with ISO 14064-1 standard utilising DEFRA, IEA and USEEIO emission factors calculated by an independent third party under limited assurance.

		tCO2e		
		2023	2024	YoY Change, %
Scope 1	Scope 1	7,298	6,632	-9%
Scope 2	Electricity location rate	16,922	14,881	-12%
	Electricity market rate	2,440	1,065	
Scope 3	1. Purchased Goods & Services	51,107	56,284	16%
	2. Capital Goods	no data	2,964	n/a
	3. Other Fuel & Energy Related Activities	4,853	4,106	-15%
	4. Upstream Transport & Distribution	594	796	34%
	5. Waste	1,085	101	-91%
	6. Business Travel	263	334	27%
	7. Employee Commuting	8,249	8,564	4%
	9. Downstream Transport & Distribution	938	938	0%
	12. End-of-Use Treatment of Sold Products	2,280	2,024	-11%
	Total (location based)	93,589	97,621	4%

6.2. Climate Targets

In May 2025, the Science Based Targets initiative (SBTi) validated Sharp's near-term and long-term greenhouse-gas (GHG) reduction targets, providing a rigorous, science-aligned framework for decarbonization. Our validated pathway commits Sharp to net-zero. across the value chain by 2050, with interim milestones that align our actions to climate science.

Our validated targets (2023 baseline) are:

- **Near-term (by 2033):** Reduce absolute Scope 1 & 2 emissions by 54.6% and Scope 3 emissions by 32.5%.
- **Long-term (by 2050):** Reduce absolute Scopes 1, 2, and 3 emissions by 90% and reach net-zero.

Sharp will continue to publish further details on our carbon footprint and targets in our annual sustainability report, available through Sharp's corporate website.